

**AREV NUTRITION SCIENCES INC.**  
**(FORMERLY IMMUNALL SCIENCE INC.)**

**CONDENSED INTERIM FINANCIAL STATEMENTS**  
**FOR THE THREE MONTHS ENDED 31 MARCH 2017**

Stated in Canadian Funds

**NOTICE OF NO AUDITOR REVIEW OF**  
**CONDENSED INTERIM FINANCIAL STATEMENTS**

The accompanying unaudited condensed interim financial statements of the Company have been prepared by and are the responsibility of the Company's management.

The Company's independent auditor has not performed a review of these condensed interim financial statements in accordance with standards established by the Canadian Organization of Chartered Professional Accountants for a review of interim financial statements by an entity's auditor.

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## MANAGEMENT'S RESPONSIBILITY

To the Shareholders of AREV Nutrition Sciences Inc.:

Management is responsible for the preparation and presentation of the accompanying condensed interim financial statements, including responsibility for significant accounting judgments and estimates in accordance with International Financial Reporting Standards. This responsibility includes selecting appropriate accounting principles and methods, and making decisions affecting the measurement of transactions in which objective judgment is required.

In discharging its responsibilities for the integrity and fairness of the financial statements, management designs and maintains the necessary accounting systems and related internal controls to provide reasonable assurance that transactions are authorized, assets are safeguarded and financial records are properly maintained to provide reliable information for the preparation of financial statements.

The Board of Directors and the Audit Committee are composed primarily of Directors who are neither management nor employees of the Company. The Board is responsible for overseeing management in the performance of its financial reporting responsibilities, and for approving the financial information presented. The Board fulfils these responsibilities by reviewing the financial information prepared by management and discussing relevant matters with management and the external auditors. The Audit Committee has the responsibility of meeting with management, and the external auditors to discuss the internal controls over the financial reporting process, auditing matters and financial reporting issues. The Board is also responsible for recommending the appointment of the Company's external auditors.

The Company's independent auditor has not performed a review of these condensed interim financial statements in accordance with standards established by the Canadian Organization of Chartered Professional Accountants for a review of interim financial statements by an entity's auditor.

31 July 2017

The condensed interim financial statements were approved by the Board of Directors on 31 July 2017 and were signed on its behalf by:

*"Stephane Maher"*

Stephane Maher, Director

*"Mike Withrow"*

Mike Withrow, Director

**CONDENSED INTERIM STATEMENT OF FINANCIAL POSITION**

	Note	As at 31 March 2017	As at 31 December 2016
<b>ASSETS</b>			
<b>Current Assets</b>			
Cash		\$ 57,845	\$ 194,137
Amounts receivable		14,909	10,905
Inventory	(6)	20,172	22,884
Prepaid expenses and deposits		15,918	15,918
		<b>108,844</b>	243,844
<b>Non-current Assets</b>			
Property and equipment	(7)	390,961	401,342
Intangible assets	(8)	147,749	148,852
		<b>538,710</b>	550,194
		<b>\$ 647,554</b>	\$ 794,038
<b>LIABILITIES</b>			
<b>Current Liabilities</b>			
Accounts payable and accrued liabilities	(9)	\$ 204,417	\$ 231,115
Due to related parties	(11)	15,808	15,808
		<b>220,225</b>	246,923
<b>Non-current Liabilities</b>			
Convertible debentures	(10)	373,491	363,360
		<b>593,716</b>	610,283
<b>EQUITY</b>			
Share capital	(12)	1,292,769	1,292,769
Share subscriptions receivable	(12)	(5,000)	(5,000)
Equity portion of convertible debenture	(12)	59,750	59,750
Contributed surplus	(12)	422,248	422,248
Deficit		(1,715,929)	(1,586,012)
		<b>53,838</b>	183,755
		<b>\$ 647,554</b>	\$ 794,038
Nature of Operations and Going Concern	(1) Capital Management		(15)
Basis of Preparation - Statement of Compliance	(2) Subsequent Events		(16)
Commitments	(14)		

The condensed interim financial statements were approved by the Board of Directors on 31 July 2017 and were signed on its behalf by:

"Stephane Maher"

Stephane Maher, Director

"Mike Withrow"

Mike Withrow, Director

**CONDENSED INTERIM STATEMENT OF COMPREHENSIVE LOSS**

	<b>3 months ended 31 March 2017</b>	3 months ended 31 March 2016
<b>CONTINUING OPERATIONS</b>		
<b>EXPENSES</b>		
<b>General and administrative</b>		
Management fees	\$ 34,271	\$ -
Professional fees	25,709	9,950
Advertising and marketing	13,115	306
Rent and utilities	13,044	7,050
Amortization and depreciation	11,483	267
Transfer agent and regulatory fees	5,503	7,820
Consulting fees	5,500	9,270
Office and administration	928	911
<b>Loss before other expenses</b>	<b>\$ (109,553)</b>	<b>\$ (35,574)</b>
<b>Other expense</b>		
Interest expense	(20,364)	(1,622)
<b>Loss from Operating Activities being Comprehensive Loss</b>	<b>\$ (129,917)</b>	<b>\$ (37,196)</b>
<b>Basic and Diluted Loss per Common Share</b>	<b>\$ (0.01)</b>	<b>\$ (0.03)</b>
<b>Weighted Average Number of Shares Outstanding</b>	<b>11,913,200</b>	<b>1,013,205</b>

Canadian Funds  
(unaudited)

## CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY

	Shares	Amount	Share Subscriptions Receivable	Equity Portion of Convertible Debentures	Share-Based Payment Reserve	Deficit	Total Shareholders' Equity (Deficit)
<b>BALANCE 31 DECEMBER 2015</b>	1,013,200	\$ 747,769	\$ -	\$ -	422,248	\$ (1,334,354)	\$ (164,337)
Net loss for the period	-	-	-	-	-	(37,196)	(37,196)
<b>BALANCE 31 MARCH 2016</b>	1,013,200	747,769	-	-	422,248	(1,371,550)	(201,533)
Net loss for the period	-	-	-	-	-	(42,562)	(42,562)
<b>BALANCE 30 JUNE 2016</b>	1,013,200	747,769	-	-	422,248	(1,414,112)	(244,095)
Net loss for the period	-	-	-	-	-	(66,334)	(66,334)
<b>BALANCE 30 SEPTEMBER 2016</b>	1,013,200	747,769	-	-	422,248	(1,480,446)	(310,429)
Common shares issued for cash	5,200,000	260,000	(5,000)	-	-	-	255,000
Common shares issued for purchase of equipment	2,000,000	100,000	-	-	-	-	100,000
Common shares issued for acquisition of intangible assets	3,000,000	150,000	-	-	-	-	150,000
Common shares issued for compensation	700,000	35,000	-	-	-	-	35,000
Equity component of convertible debentures	-	-	-	59,750	-	-	59,750
Net loss for the period	-	-	-	-	-	(105,566)	(105,566)
<b>BALANCE 31 DECEMBER 2016</b>	11,913,200	\$ 1,292,769	\$ (5,000)	\$ 59,750	422,248	\$ (1,586,012)	\$ 183,755
Net loss for the period	-	-	-	-	-	(129,917)	(129,917)
<b>BALANCE 31 MARCH 2017</b>	11,913,200	\$ 1,292,769	\$ (5,000)	\$ 59,750	422,248	\$ (1,715,929)	\$ 53,838

**CONDENSED INTERIM STATEMENT OF CASH FLOWS**

Note	3 months ended 31 March 2017	3 months ended 31 March 2016
<b>OPERATING ACTIVITIES</b>		
<b>Loss for the Period</b>	\$ (129,917)	\$ (37,196)
<b>Items not Affecting Cash</b>		
Amortization and depreciation	11,483	267
Accretion of discount on convertible debentures	10,131	-
	<b>(108,303)</b>	<b>(36,930)</b>
<b>Net Change in Non-cash Working Capital</b>		
Amounts receivable	(4,004)	(1,321)
Inventory	2,712	-
Prepaid expenses	-	2,375
Accounts payable and accrued liabilities	(26,697)	23,884
	<b>(27,989)</b>	<b>(11,992)</b>
<b>Net (Decrease) in Cash</b>	<b>(136,292)</b>	<b>(77)</b>
Cash position – beginning of period	194,137	1,721
<b>Cash Position – End of Period</b>	<b>\$ 57,845</b>	<b>\$ 1,644</b>

# AREV NUTRITION SCIENCES INC.

Canadian Funds

(unaudited)

## NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS

### 1) Nature of operations and going concern

AREV Nutrition Sciences Inc. (formerly Immunall Science Inc.) (the “Company”) was incorporated under the Business Corporations Act (Alberta) on November 22, 2005. On June 30, 2016, the Company changed its name to AREV Nutrition Sciences Inc. and changed its incorporation jurisdiction to be British Columbia. The Company was a research company engaged in the business of developing and commercializing technology related to the growth and extraction of active ingredients from American ginseng. During 2014, the Company ceased its ginseng operations and is currently developing and plans on distributing its line of natural health products. The registered address of the Company is Suite 440, 890 West Pender Street, Vancouver, BC, V6C 1J9. The principal place of business of the Company is Unit 2, 9049 Shaughnessy Street, Vancouver, BC, V6P 6R9. The Company is listed on the Canadian Securities Exchange (“CSE”) under the symbol “ARV”.

These condensed interim financial statements (the “Financial Statements”) have been prepared on the going concern basis, which assumes that the Company will be able to realize its assets and discharge its liabilities in the normal course of business. As at 31 March 2017, the Company has not generated any revenues from operations. The Company’s ability to continue as a going concern is dependent upon its ability to generate and maintain future profitable operations and/or to obtain the necessary financing to meet its obligations and repay its liabilities arising from normal business operations when they come due. Management is of the opinion that sufficient working capital will be obtained from external financing to meet the Company’s liabilities and commitments as they become due, although there is a risk that additional financing will not be available on a timely basis or on terms acceptable to the Company. These factors indicate the existence of a material uncertainty that may cast doubt on the ability of the Company to continue as a going concern. These financial statements do not reflect any adjustments that may be necessary if the Company is unable to continue as a going concern.

	31 March 2017	31 December 2016
Working capital (deficiency)	\$ (111,381)	\$ (3,079)
Accumulated (deficit)	\$ (1,715,929)	\$ (1,586,012)

### 2) Basis of preparation – Statement of Compliance

These Financial Statements have been prepared in accordance with International Financial Reporting Standards (“IFRS”) as issued by the International Accounting Standards Board (“IASB”) and in accordance with International Accounting Standard (“IAS”) 34, Interim Financial Reporting. The Financial Statements have been prepared on a historical cost basis, except for financial instruments classified as financial instruments at fair value through profit and loss, which are stated at their fair value. In addition, these Financial Statements have been prepared using the accrual basis of accounting except for cash flow information.

Since the Financial Statements do not include all disclosures required by IFRS for annual financial statements, they should be read in conjunction with the Company’s audited annual financial statements for the year ended 31 December 2016.

The policies set out were consistently applied to all the periods presented unless otherwise noted below. The preparation of Financial Statements in accordance with IAS 1 requires the use of certain critical accounting estimates. It also requires management to exercise judgement in applying the Company’s accounting policies.

The preparation of Financial Statements requires management to make judgments, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, profit and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgments about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.



## **NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS**

The estimates and underlying assumptions are reviewed on an on-going basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and further periods if the review affects both current and future periods.

### **3) Significant accounting policies**

The accounting policies and methods of computation followed in preparing these Financial Statements are the same as those followed in preparing the most recent audited annual financial statements. For a complete summary of significant accounting policies, please refer to the Company's audited annual financial statements for the year ended 31 December 2016.

#### **a) Basis of presentation**

These Financial Statements have been prepared on a historical cost basis, except for certain financial instruments which are measured at fair value. These financial statements are presented in Canadian dollars, which is also the Company's functional currency.

#### **b) Use of estimates and judgements**

The preparation of the Financial Statements in conformity with IFRS requires the Company's management to make judgments, estimates and assumptions that affect the application of accounting policies and reported amounts of assets, liabilities, revenues, and expenses. Actual results may differ from these estimates. Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised and in any future periods affected.

Significant areas requiring the use of estimates include the recoverability of inventory, the useful lives and recoverability of property and equipment and intangible assets, fair value of share-based payments and convertible debentures, and unrecognized deferred income tax assets.

The assessment of whether the going concern assumption is appropriate requires management to take into account all available information about the future, which is at least, but is not limited to, 12 months from the end of the reporting period. The Company is aware that material uncertainties related to events or conditions may cast significant doubt upon the Company's ability to continue as a going concern

#### **c) Financial instruments**

##### **i) Non-derivative financial assets**

The Company initially recognizes loans and receivables and deposits on the date that they are originated. All other financial assets (including assets designated at fair value through profit or loss) are recognized initially on the trade date at which the Company becomes a party to the contractual provisions of the instrument.

The Company derecognizes a financial asset when the contractual rights to the cash flows from the asset expire, or it transfers the rights to receive the contractual cash flows on the financial asset in a transaction in which substantially all the risk and rewards of ownership of the financial asset are transferred. Any interest in transferred financial assets that is created or retained by the Company is recognized as a separate asset or liability.

Financial assets and liabilities are offset and the net amount presented in the statement of financial position when, and only when, the Company has a legal right to offset the amounts and intends either to settle on a net basis or to realize the asset and settle the liability simultaneously.

## **NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS**

### *Financial assets at fair value through profit or loss*

Financial assets are classified as fair value through profit or loss when the financial asset is held for trading or it is designated as fair value through profit or loss. A financial asset is classified as held for trading if: (i) it has been acquired principally for the purpose of selling in the near future; (ii) it is a part of an identified portfolio of financial instruments that the Company manages and has an actual pattern of short-term profit taking; or (iii) it is a derivative that is not designated and effective as a hedging instrument.

Financial assets classified as fair value through profit or loss are stated at fair value with any gain or loss recognized in the statement of operations. The Company's cash is classified as fair value through profit or loss.

### *Held-to-maturity investments*

Held-to-maturity investments are recognized on a trade-date basis and are initially measured at fair value, including transaction costs. The Company does not have any assets classified as held-to-maturity investments.

### *Available-for-sale financial assets*

Available-for-sale financial assets are non-derivative financial assets that are designated as available-for-sale and that are not classified in any of the previous categories. Subsequent to initial recognition, they are measured at fair value and changes therein, other than impairment losses and foreign currency differences on available-for-sale equity instruments, are recognized in other comprehensive income and presented within equity in the fair value reserve. When an investment is derecognized, the cumulative gain or loss in other comprehensive income is transferred to the statement of operations. The Company does not have any assets classified as available-for-sale.

### *Loans and receivables*

Loans and receivables are financial assets with fixed or determinable payments that are not quoted in an active market are classified as loans and receivables. Such assets are initially recognized at fair value plus any directly attributable transaction costs. Subsequent to initial recognition, loans and receivables are measured at amortized cost using the effective interest method, less any impairment losses. Loans and receivables are comprised of amounts receivable.

### *Impairment of financial assets*

When an available-for-sale financial asset is considered to be impaired, cumulative gains or losses previously recognized in other comprehensive income or loss are reclassified to profit or loss in the period. Financial assets are assessed for indicators of impairment at the end of each reporting period. Financial assets are impaired when there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial assets, the estimated future cash flows of the investments have been impacted. For marketable securities classified as available-for-sale, a significant or prolonged decline in the fair value of the securities below their cost is considered to be objective evidence of impairment.

For all other financial assets objective evidence of impairment could include:

- significant financial difficulty of the issuer or counterparty; or
- default or delinquency in interest or principal payments; or
- it becoming probable that the borrower will enter bankruptcy or financial re-organization.

## **NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS**

For certain categories of financial assets, such as amounts receivable, assets that are assessed not to be impaired individually are subsequently assessed for impairment on a collective basis. The carrying amount of financial assets is reduced by the impairment loss directly for all financial assets with the exception of amounts receivable, where the carrying amount is reduced through the use of an allowance account. When an amount receivable is considered uncollectible, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited against the allowance account. Changes in the carrying amount of the allowance account are recognized in the statement of operations.

With the exception of available-for-sale equity instruments, if, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognized, the previously recognized impairment loss is reversed through the statement of operations to the extent that the carrying amount of the investment at the date the impairment is reversed does not exceed what the amortized cost would have been had the impairment not been recognized. In respect of available-for-sale equity securities, impairment losses previously recognized through the statement of operations are not reversed through the statement of operations. Any increase in fair value subsequent to an impairment loss is recognized directly in equity.

### **ii) Non-derivative financial liabilities**

The Company initially recognizes debt securities issued and subordinated liabilities on the date that they are originated. All other financial liabilities (including liabilities designated at fair value through profit or loss) are recognized initially on the trade at which the Company becomes a party to the contractual provisions of the instrument.

The Company derecognizes a financial liability when its contractual obligations are discharged, cancelled or expire.

Financial assets and liabilities are offset and the net amount presented in the statement of financial position when, and only when, the Company has a legal right to offset the amounts and intends either to settle on a net basis or to realize the asset and settle the liability simultaneously.

The Company has the following non-derivative financial liabilities: accounts payable and accrued liabilities, and amounts due to related parties.

Such financial liabilities are recognized initially at fair value plus any directly attributable transaction costs. Subsequent to initial recognition, these financial liabilities are measured at amortized cost using the effective interest method.

### **iii) Share capital**

Common shares are classified as equity. Transaction costs directly attributable to the issue of common shares and stock options are recognized as a deduction from equity, net of any tax effects.

## **NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS**

### **4) Critical accounting judgements and key sources of estimation uncertainty**

In the application of the Company's accounting policies, management is required to make judgments, estimates and assumptions about the carrying amount and classification of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an on-going basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised if the revisions affect only that period, or in the period of the revision and future periods, if the revision affects both current and future periods.

The following are the critical judgments and areas involving estimates, that management have made in the process of applying the Company's accounting policies and that have the most significant effect on the amount recognized in the Financial Statements.

#### **a) Key sources of estimation uncertainty**

##### Useful life of property and equipment and intangible assets

The Company reviews the estimated lives of its property and equipment and intangible assets at the end of each reporting period. There were no material changes in the lives of property and equipment for the fiscal periods ended 31 December 2016 or 31 March 2017.

##### Income taxes

Deferred tax assets are recognized for all deductible temporary differences, carry-forward of unused tax assets and unused tax losses, to the extent that probable that future taxable profit will be available against which the deductible temporary differences and carry-forward of unused tax assets and unused tax losses can be utilized. In addition, the valuation of tax credits receivable requires management to make judgements on the amount and timing of recovery.

#### **b) Key sources of judgement uncertainty**

##### Going concern evaluation

As discussed on note 1, these Financial Statements have been prepared under the assumptions applicable to a going concern. If the going concern assumption were not appropriate for these Financial Statements then adjustments would be necessary to the carrying value of assets and liabilities, the reported expenses and the statement of financial position classifications used and such adjustments could be material.

The Company reviews the going concern assessment at the end of each reporting period. There were no material changes to the assessment as at 31 March 2017.

**NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS**

**5) Financial instruments and risk management**

**a) Fair Values**

Assets and liabilities measured at fair value on a recurring basis were presented on the Company's condensed interim statement of financial position as 31 March 2017 are as follows:

<b>Fair value measurements using</b>				
	Quoted prices in active markets for financial instruments (Level 1)	Significant other observable inputs (Level 2)	Significant unobservable inputs (Level 3)	Carrying amount at 31 March 2017
<b>Cash</b>	<b>\$ 57,845</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 57,845</b>

The fair values of other financial instruments, which include amounts receivable, accounts payable and accrued liabilities, and amounts due to related parties, approximate their carrying values due to the relatively short-term maturity of these instruments.

The initial fair value of the liability component of the Company's convertible debentures, with a carrying amount of \$373,491 as at 31 March 2017. The fair value for the liability component of convertible debenture was estimated using the discounted cash flows technique. The valuation model considers the present value of expected payments, discounted using a discount rate that approximates the market rate for the Company's loans and borrowings. The estimated fair value would increase (decrease) if the market rate of borrowing were lower (higher).

**b) Credit Risk**

Credit risk is the risk of financial loss to the Company if any counterparty fails to discharge its obligations. Financial instruments that potentially subject the Company to a concentration of credit risk consist primarily of cash and amounts receivable. The Company limits its exposure to credit loss by placing its cash with high credit quality financial institutions. Amounts receivable consists primarily of GST receivable from the Government of Canada. The carrying amount of financial assets represents the maximum credit exposure.

**c) Interest Rate Risk**

The Company's cash may contain highly liquid investments that earn interest at market rates. The Company manages its interest rate risk by maximizing the interest earned on excess funds while maintaining the liquidity necessary to fund daily operations. Fluctuations in market interest rates do not have a significant impact on the Company's results of operations due to the short term to maturity of the investments held.

**d) Liquidity Risk**

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. The Company currently settles its financial obligations out of cash. The ability to do this relies on the Company raising debt or equity financing in a timely manner and by maintaining sufficient cash in excess of anticipated needs. Management closely monitors cash flow requirements to ensure that it has sufficient cash on demand to meet operational and financial obligations as they become due.

# AREV NUTRITION SCIENCES INC.

Canadian Funds

(unaudited)

## NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS

### 6) Inventory

	<b>31 March 2017</b>	31 December 2016
Finished nutritional goods	\$ <b>20,172</b>	\$ 22,884

### 7) Property and equipment

	Equipment	Leasehold Improvements	Total
<b>COST OR DEEMED COST</b>			
Balance at 31 December 2015	\$ 2,550	\$ 3,200	\$ 5,750
Additions	404,552	-	404,522
Balance at 31 December 2016	\$ 407,102	\$ 3,200	\$ 410,302
Additions	-	-	-
Balance at 31 March 2017	\$ <b>407,102</b>	\$ <b>3,200</b>	\$ <b>410,302</b>
<b>DEPRECIATION</b>			
Balance at 31 December 2015	\$ 2,550	\$ 356	\$ 2,906
Depreciation for the period	4,988	1,066	6,054
Balance at 31 December 2016	\$ 7,538	\$ 1,422	\$ 8,960
Depreciation for the period	<b>10,114</b>	<b>267</b>	<b>10,381</b>
Balance at 31 March 2017	\$ <b>17,652</b>	\$ <b>1,689</b>	\$ <b>19,341</b>
<b>CARRYING AMOUNTS</b>			
At 31 December 2016	<b>399,564</b>	1,778	401,342
At 31 March 2017	\$ <b>389,450</b>	\$ <b>1,511</b>	\$ <b>390,961</b>

On 16 September 2016, the Company purchased assembled apparatus for extracting oils from natural biomass using fast freezing extraction methods from a director of the Company. The purchase price of \$400,000 was payable by issuance of 2,000,000 common shares with a fair value of \$0.05 per share and a \$300,000 convertible debenture. Refer to Note 10. The shares were issued on 9 December 2016. Refer to Note 12.

# AREV NUTRITION SCIENCES INC.

Canadian Funds

(unaudited)

## NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS

### 8) Intangible assets

	Patents	Intellectual Property	Total
<b>COST OR DEEMED COST</b>			
<b>Balance at 31 December 2015</b>	\$ -	\$ -	\$ -
Additions	75,000	75,000	150,000
<b>Balance at 31 December 2016</b>	\$ 75,000	\$ 75,000	\$ 150,000
Additions	-	-	-
<b>Balance at 31 March 2017</b>	<b>\$ 75,000</b>	<b>\$ 75,000</b>	<b>\$ 150,000</b>
<b>DEPRECIATION</b>			
<b>Balance at 31 December 2015</b>	\$ -	\$ -	\$ -
Depreciation for the period	1,148	-	1,148
<b>Balance at 31 December 2016</b>	\$ 1,148	\$ -	\$ 1,148
Depreciation for the period	<b>1,103</b>	-	<b>1,103</b>
<b>Balance at 31 March 2017</b>	<b>\$ 2,251</b>	<b>\$ -</b>	<b>\$ 2,251</b>
<b>CARRYING AMOUNTS</b>			
<b>At 31 December 2016</b>	73,852	75,000	148,852
<b>At 31 March 2017</b>	<b>\$ 72,749</b>	<b>\$ 75,000</b>	<b>\$ 147,749</b>

On 16 September 2016, the Company purchased a patent from a director of the Company. The purchase price of \$75,000 was payable by issuance of 1,500,000 common shares with a fair value of \$0.05 per share. The shares were issued on 9 December 2016. Refer to Note 12.

On 16 September 2016, the Company entered into an agreement to purchase certain natural health product formulations and product licences with Health Canada from the Chief Executive Officer (“CEO”) of the Company. The purchase price of \$75,000 was payable by issuance of 1,500,000 common shares with a fair value of \$0.05 per share. The shares were issued on 9 December 2016. Refer to Note 12.

### 9) Accounts payable and accrued liabilities

	31 March 2017	31 December 2016
Trade payables	\$ 75,218	\$ 101,391
Trade payables – related parties (Note 11)	46,359	31,826
Accrued interest payables (Note 10)	22,285	12,052
Other payables and accrued liabilities	60,555	85,846
	<b>\$ 204,417</b>	<b>\$ 231,115</b>

**NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS**

**10) Convertible debentures**

On 16 September 2016, the Company issued a \$300,000 convertible debenture to a director of the Company for the purchase of equipment. Refer to Note 7. The debenture is unsecured, bears interest at 10% per annum, is due on 16 September 2018, and can be converted into units of the Company at \$0.05 per unit. Each unit will consist of one common share and one transferable share purchase warrant. The share purchase warrants will be exercisable at a price of \$0.05 per share for a period of two years from the date of issuance. The Company recorded the initial fair value of the debenture at \$256,807, using a discount rate of 20%, which is management’s estimate of the prevailing market rate for a company of similar size and operations. The convertible feature of the convertible debenture was recorded as equity, at an amount of \$43,193, on initial recognition. As at 31 March 2017, the unamortized discount on the debenture was \$31,596 (31 December 2016 - \$37,330), and the carrying value of the debenture was \$268,404 (31 December 2016 - \$262,670). As at 31 March 2017, accrued interest of \$16,110 (31 December 2016 - \$8,712) is included in accounts payable and accrued liabilities.

On 16 September 2016, the Company issued \$115,000 convertible debenture to a director of the Company for settlement of debt. The debenture is unsecured, bears interest at 10% per annum, is due on 16 September 2018, and can be converted into units of the Company at \$0.05 per unit. Each unit will consist of one common share and one transferable share purchase warrant. The share purchase warrants will be exercisable at a price of \$0.05 per share for a period of two years from the date of issuance. The Company recorded the initial fair value of the debenture at \$98,443, using a discount rate of 20%, which is management’s estimate of the prevailing market rate for a company of similar size and operations. The convertible feature of the convertible debenture was recorded as equity, at an amount of \$16,557, on initial recognition. As at 31 March 2017, the unamortized discount on the debenture was \$12,112 (31 December 2016 - \$14,310), and the carrying value of the debenture was \$102,888 (31 December 2016 - \$100,690). As at 31 March 2017, accrued interest of \$6,175 (31 December 2016 - \$3,340) is included in accounts payable and accrued liabilities.

**11) Related party transactions**

Transactions and balances with related parties not disclosed elsewhere in the Financial Statements are as follows:

**RELATED PARTY DISCLOSURE**

<b>Name and Principal Position</b>	<b>Period<sup>(i)</sup></b>	<b>Remuneration or fees<sup>(ii)</sup></b>	<b>Share-based awards</b>	<b>Amounts Payable</b>
The Chief Executive Officer of the Company	<b>2017</b>	\$ 24,000	-	5,335
	<b>2016</b>	\$ -	-	-
A director of the Company	<b>2017</b>	\$ -	-	56,832
	<b>2016</b>	\$ -	-	-

<sup>(i)</sup> For the fiscal three month periods ended 31 March 2017, and 31 March 2016.

<sup>(ii)</sup> Amounts disclosed were paid or accrued to the related party.

These transactions were in the normal course of operations, which is the amount of consideration established and agreed to by the related parties.

On 8 July 2015, the Company entered into an agreement with a director of the Company to advance funds to the Company for a maximum amount of \$100,000 to cover operating costs. The loan was unsecured, bore interest at 10% per annum, compounded monthly, and was due on demand. During the year ended 31 December 2015, \$51,805 was advanced to the Company. During the year ended 31 December 2016, a further \$41,543 was advanced to the Company. On 15 September 2016, the Company entered into an agreement with this director to convert \$93,348 in principal, \$7,319 in accrued interest, and \$14,333 in accounts payable owed to this director into a convertible debenture with a principal balance of \$115,000. Refer to Note 10.



## **NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS**

### **12) Share capital**

#### **a) Authorized capital:**

- unlimited common shares without par value
- 20,000,000 preferred shares, issuable in one or more series
- 20,000,000 redeemable preferred shares, issuable in one or more series

#### **b) Issued or allotted and fully paid:**

On 24 August 2016, the Company consolidated its common shares on the basis of 33 pre-consolidation common shares to 1 post-consolidation common share. All the figures as to the number of common shares, prices of issued shares, as well as the loss per share, in the financial statements are post-consolidation amounts and the prior year comparatives have been retroactively restated to present the post-consolidation amounts.

On 15 November 2016, the Company issued 5,200,000 units at a price of \$0.05 per unit for proceeds totalling \$260,000, of which \$5,000 is recorded in share subscriptions receivable as at 31 March 2017 and 31 December 2016. Of these units, 200,000 units for proceeds of \$10,000 were issued to a brother of a director of the Company, 200,000 units for proceeds of \$10,000 were issued to a director of the Company, and 600,000 units for proceeds of \$30,000 were issued to a brother of a director of the Company. Each unit consisted of one common share and one share purchase warrant exercisable at \$0.10 per share until 16 May 2018. The warrants are subject to an accelerator clause in the event the majority of trading volume in the shares of the Company over 10 consecutive trading days exceeds \$0.15, then notice may be given to warrant holders to exercise within 30 days failing which the warrants will expire.

On 9 December 2016, the Company issued 1,500,000 common shares with a fair value of \$75,000 to the CEO of the Company for the purchase of intangible assets at \$0.05 per share. Refer to Note 8.

On 9 December 2016, the Company issued 1,500,000 common shares with a fair value of \$75,000 to a director of the Company for the purchase of intangible assets at \$0.05 per share. Refer to Note 8.

On 9 December 2016, the Company issued 2,000,000 common shares with a fair value of \$100,000 to a director of the Company for the purchase of equipment at \$0.05 per shares. Refer to Note 7.

On 9 December 2016, the Company issued 700,000 common shares with a fair value of \$35,000 to the CEO of the Company and a director of the Company as signing bonuses.

#### **c) Summary of stock option activity**

The Company has a stock option plan pursuant to which the Board of the Company may grant options to purchase common shares to the officers, directors, and employees of the Company or affiliated companies and to consultants retained by the Company.

The aggregate number of common shares reserved for issuance under the stock option plan is set at a maximum of 10% of the total number of shares outstanding at the time the options are granted. Furthermore, the aggregate number of shares issuable to one individual may not exceed 5% of the total number of issued and outstanding common shares of the Company. The exercise price of all options issued under the stock option plan may not be less than the closing market price on the last business day prior to the date the option was granted. No options were granted or outstanding during the periods ended 31 March 2017 or 31 December 2016.

# AREV NUTRITION SCIENCES INC.

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## NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS

### d) Warrants

Warrant activity during the period is summarized as follows:

<b>WARRANT ACTIVITY</b>	<b>31 March 2017</b>	<b>Weighted average exercise price</b>	<b>31 December 2016</b>	<b>Weighted average exercise price</b>
Balance – beginning of period	5,200,000	\$ 0.10	-	\$ -
Issued	-	-	5,200,000	0.10
<b>Balance – end of period</b>	<b>5,200,000</b>	<b>\$ 0.10</b>	<b>5,200,000</b>	<b>\$ 0.10</b>

Details of warrants outstanding as at 31 March 2017 are as follows:

<b>Expiry Date</b>	<b>Exercise Price</b>	<b>31 March 2017</b>	<b>31 December 2016</b>
16 May 2018	\$ 0.10	5,200,000	5,200,000

	<b>31 March 2017</b>	<b>31 December 2016</b>
The outstanding warrants have a weighted-average exercise price of:	\$ 0.10	\$ 0.10
The weighted average remaining life of the outstanding warrants is:	1.13	1.37

### 13) Segmented information

The Company operates in the nutraceutical industry, with all assets and operations located in Canada.

### 14) Commitments

The Company has a licencing and royalty memorandum of understanding with the initial developer of the technology that is being utilized exclusively by the Company for the production of products from ginseng roots. As part of the memorandum of understanding, the Company is required to pay a royalty of 5% of the invoiced cost of each production run incurred by the Company.

On 16 September 2016, the Company entered into an agreement with the CEO of the Company whereby the Company agreed to pay \$8,000 per month for services rendered. The Company also paid the CEO of the Company a one-time signing bonus of \$25,000 by issuance of 500,000 common shares upon signing of the agreement. The Company is to pay a one-time bonus of \$100,000 payable by the issuance of 1,000,000 common shares of the Company, immediately following public filing of annual financial statements of the Company which show revenue in excess of \$1,000,000 in the completed fiscal year.

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(unaudited)

### NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS

On 27 August 2015, the Company entered into a premises lease agreement that started on 1 September 2015 and ends on 31 August 2018 with a two year option to extend. Expected annual minimum payments under this lease arrangement are as follows:

2017	\$	24,821
2018		22,046
<b>Total</b>	<b>\$</b>	<b>46,867</b>

#### 15) Capital management

The Company manages its capital to maintain its ability to continue as a going concern and to sustain future development of the business. The capital structure of the Company consists of cash and equity comprised of issued share capital, share subscriptions receivable, equity portion of convertible debentures, and share-based payment reserve.

The Company manages its capital structure and makes adjustments to it according to economic market conditions. Management monitors the Company's ongoing capital requirements against unrestricted net working capital and assesses expected capital requirements for the fiscal period. In order to maintain or adjust the capital structure, the Company may adjust spending, issue new shares, sell assets, or incur debt.

The Company is not subject to externally imposed capital requirements and there have been no changes to the Company's capital management policy during the period ended 31 March 2017.

#### 16) Subsequent events

On 20 April 2017, the Company's \$115,000 convertible debenture was converted into 2,300,000 units of the Company at \$0.05 per unit, with each unit consisting of one common share and one share purchase warrant of the Company.

On 23 May 2017, the Company entered into a credit facility agreement with a director of the Company, up to a maximum of \$50,000, to fund its operations. The credit facility is unsecured, bears interest at 10% per annum, compounded monthly, and is due on demand after 4 January 2018.